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TAGS: [ENRG](#) [PGOV](#) [SENV](#) [CA](#)
SUBJECT: Ontario Electricity Reliability Outlook Positive

Ref: 07 Toronto 67

Sensitive but Unclassified - Please protect accordingly.

¶11. (SBU) Summary: On March 12 Ontario's Integrated Electricity System Operator (IESO) predicted an adequate supply of electricity for the province and the Greater Toronto Area (GTA) population center for the next 18 months. More than 4,500 megawatts (MW) of new supply is scheduled to come into, or return to service during this period. The IESO expects energy demand to grow by just 0.4% for 2008, due to increased conservation and reduced manufacturing sector demand. The provincial transmission network is also being expanded and upgraded to transfer power from new projects on the Bruce Peninsula and southwestern Ontario to users in the GTA and to provide an increased link to the Quebec network in the coming months. Ontario provincial officials are working hard to build the generation and transmission capacity and create the "conservation culture" needed to ensure a reliable supply of electricity in coming years while enabling the McGuinty government to live up to its promise to close the province's remaining coal-fired generation plants by 2014. End Summary.

Ontario Electricity Supply Adequate

¶12. (U) On March 12 Ontario's Integrated Electricity System Operator (IESO) reported in its "Ontario Reliability Outlook" that the province's electricity reliability is positive for the next 18 months. More than 4,500 megawatts (MW) of new supply is scheduled to come into, or return to service during this period, including approximately 3,100 MW of gas-fired generation, 800 MW of nuclear generation, 100 MW of hydroelectric generation, and 700 MW of wind capacity. Over the next year and a half, IESO says there should be sufficient supply within Ontario to meet electricity demands under normal weather conditions. Extreme weather conditions, a shortfall in estimated conservation, or project delays could force Ontario to rely on imports from neighboring jurisdictions to maintain reliability.

¶13. (U) The IESO expects energy demand to grow by just 0.4% for 2008, though the Ontario Finance Ministry is projecting real GDP growth of 1.8% for this year. IESO analysts believe Ontario consumers are significantly transitioning to a "conservation culture," which is reducing peak and overall energy demand. They also expect the energy intensive sectors of the Ontario economy (i.e. the manufacturing sector) to continue to reduce energy consumption as manufacturing plants ratchet back production due to the high Canadian dollar and a sluggish U.S. economy.

¶14. (U) The IESO predicts an adequate supply of electricity for the Greater Toronto Area (GTA) for both summer 2008 and summer 2009

(historically peak demand periods). This reliability is contingent on the availability of the autotransformers feeding the GTA, the availability of the Pickering nuclear units, and on-time completion of the new Portlands Energy Centre and Goreway Station gas-fired generation facilities.

Transmission Capacity Being Upgraded

15. (U) The provincial transmission network is also being expanded and upgraded in coming months. Hydro One, a crown corporation which owns and operates the province's transmission infrastructure, is planning to add seven new high voltage shunt capacitors on the network in southwestern Ontario, starting in May 2009. These facilities will help accommodate the additional nuclear and wind generation capacity that is scheduled to come into service on the Bruce Peninsula and in southwestern Ontario before the December 2011 completion of the new 500 kilovolt (kV) transmission line linking the Bruce nuclear plant and Milton. This major infrastructure project is currently proceeding through the provincial environmental assessment process. Until all additional elements are in service, the IESO notes that transmission limitations may constrain delivery of some available supply from the area to the GTA demand center. The new transmission interconnection between Ontario and Quebec, scheduled for completion by March 31, 2009, will increase Ontario's import-export capability by 1,250 MW (or about 30%).

16. (U) The full text of the IESO 18-month reliability outlook report can be found at http://www.ieso.ca/imoweb/pubs/marketReports/18MonthOutlook_2008mar.pdf.

17. (SBU) Comment: Ontario provincial officials are working hard to build the generation and transmission capacity and create the

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"conservation culture" needed to ensure a reliable supply of electricity in coming years while enabling the McGuinty government to live up to its promise to close the remaining coal-fired generation plants by 2014. In the meantime, the IESO will provide an independent perspective to ensure that the province can meet its reliability needs in the coming months. So far, so good. End Comment.

NAY